



**Prepared Statement
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Farm Bill Draft Concept Paper

**Committee on Agriculture
United States House of Representatives**

July 17, 2001

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Introduction

Good morning Mr. Chairman and Members of the Committee. My name is Tom Stenzel, President and CEO of United Fresh Fruit & Vegetable Association. I appreciate the opportunity to testify before the Committee again and provide further comment on future direction of farm policy with respect to the draft *Farm Bill Concept Paper* being considered by the Committee today. United commends the work of the Chairman and Ranking Member in their efforts represented in the draft proposal and look forward to working with the Committee to make improvements to ensure the unique needs of the produce industry are fully addressed.

As United and other representatives of the fresh produce have testified throughout the Farm Bill review process, commodity prices for many fruit and vegetable crops remain very low, with many at or below the cost of production. There are a variety of reasons for this, not the least of which are increased imports, excess domestic production, and increased buyer leverage caused by the consolidation of retail supermarket chains. Increased regulation of agriculture has also created both production and competitive challenges for fruit and vegetable producers. The loss of methyl bromide as a fumigant, for example, has been forecast to create a loss estimated at \$1 billion. The Food Quality Protection Act presents similar problems for the industry as growers deal with the loss of critical production tools, while their competitors in other countries continue to have access to them.

To address these unfavorable market and economic conditions, United requested the House Agriculture Committee to consider over 50 legislative recommendations developed by United's Farm Bill Working Group and supported by over 24 produce organizations representing fresh fruit and vegetable producers across the United States. The framework in which these recommendations were developed rested in the advancement of new policies outside the scope of traditional USDA commodity programs to help sustain financial stability and viability of the produce industry while ensuring appropriate flexibility for our producers. The options submitted to the Committee and supported by the produce industry aim to drive demand and consumption rather than ensure support levels that could distort the marketplace.

The cost of these new policy options that we believe are much needed to address the specific and unique needs of the produce industry are not excessive compared to the federal government outlays of other commodity programs now in effect. In fact, the produce industry's \$3.58 billion Farm Bill proposal is less than 5 percent of the \$73.4 billion provided by the Congress for total Farm Bill spending.

Farm Bill Concept Paper

As we analyze the program and funding priorities contained in the *Farm Bill Concept Paper* in relation to United's Farm Bill testimony presented on May 3, 2001, we recognize and appreciate the Committee's efforts in addressing several overarching policy initiatives. In particular, we support the following concepts of the Committee's proposal as they have been presented.

Prohibition of Planting Fruits and Vegetables on Contract Acres

First and foremost, by retaining language included in the Federal Agriculture Improvement Reform (FAIR) Act prohibiting production of fruits and vegetables on subsidized or contract acreage, we believe a vital step has been taken to ensure the future economic stability within the specialty crop sector. The market conditions and potential for disruption that led to the industry's concern in 1996 over planting flexibility have not changed. If anything, they have worsened and the need to retain this provision has become even more important.

Market Access Program

In the area of international trade, the produce industry will likely benefit from doubling funding for the Market Access Program (MAP). Fruit and vegetable growers in the United States face significant obstacles to the development of export markets for their commodities including excessive subsidies and other tariff and non-tariff barriers to trade. The European Union (EU) and other foreign competitors outspend the United States by some 20 to 1 in export subsidies and market promotion expenditures and in the EU alone total over \$15 billion annually. Without targeted assistance for opening and maintaining new markets, the U.S. agricultural industry will continue to unfairly compete in increasingly global marketplace. While less than one-third of the MAP funding is directed to specialty crops, the increase will be of significant benefit for all who currently participate in the program.

Conservation Funding

The produce industry supports the Committee's efforts to significantly increase funding for the Environmental Quality Incentive Program (EQUIP). As you are well aware, this program provides beneficial increases for the public in the form of a more stable and productive farm economy and an improved environment. In addition, protecting the environment and productivity today will mean less cost for producing products in the future and will therefore assist in ensuring sustainability in the years ahead. In turn, we would like to continue to work with the Committee to review and discuss the EQUIP program and ways it can be further targeted to assist specialty crop farmers.

Pest Disease and Exclusion

Finally, we strongly support the efforts to ensure the immediate access by the Secretary of Agriculture to access federal funding to address emergency outbreaks surrounding invasive pests and disease. With this enhancement, we believe that a major step forward has been taken to strengthen and improve the ability of our pest exclusion and detection systems effectively protect our nation's animal and plant resources and appreciate the Committee's effort in this area.

Produce Industry Priorities

While we agree that the provisions included in the Committee's *Concept Paper* will benefit the produce industry, we believe that greater focus must be given to address the unique economic

needs of the produce industry. Specifically, we ask that the Committee work with United and fruit and vegetable industry representatives in developing amicable language that specifically targets assistance through traditional and non-traditional commodity programs in the final proposal. In our examination of the draft proposal, specific areas should be focused on that we believe the draft proposal falls short in addressing specialty crop priorities and we ask the Committee to revisit.

Conservation

As mentioned earlier, the produce industry strongly support the additional funding for the EQUIP programs. In addition to the increased funding provided, we believe legislation should be included which would designate a minimum of 25% EQUIP funding targeted to meet the specific needs of the specialty crop industry. As you are aware, similar language designating 50% of such funding is provided for producers of livestock in the Committee's draft proposal as well as in Section 1241 of H.R. 2854, the *Federal Agriculture Improvement and Reform Act of 1996*. Specifically, we are requesting that specialty crop growers who do not largely benefit from other federal conservation programs or do not receive Production Flexibility Contract Payments be provided additional assistance through the EQIP program. The EQUIP program has broad range support from specialty crop producers across the country and is now widely considered as the best example of a federal conservation program that is beneficial to fruit and vegetable farming operations. This provision would allow that a minimum of 25% of the funding provided on an annual basis for technical assistance, cost-share payments, incentive payments, and education under EQIP to be targeted at practices relating to specialty crop production. *No Cost*

Farm Credit

Legislation should be included to increase the current limit on guaranteed operating loans from \$731,000 to \$1.5 million for producers of perennial fruit and vegetable crops and current limits on direct operating loans of \$200,000 should be increase to \$500,000 for producers of perennial fruit and vegetable crops. *No Cost*

General Farm Policy

Legislation should be included authorizing a USDA Fruit and Vegetable Advisory Committee. Such a committee would allow produce industry members to provide suggestions and ideas on how USDA administers fruit and vegetable programs to meet the industry's changing needs. By maintaining an open dialogue with its customer base, USDA can tailor its fruit and vegetable programs to adequately address the changing demands of the 21st Century and the global economy. *No Cost*

Nutrition

Legislation should be included to authorize \$200 million per year under the Section 32 Surplus Commodity Program to purchase specialty crops. Such a provision would not only address surplus conditions, it would also optimize the amount of specialty crops in USDA feeding

programs helping our children meet national nutrition goals and objectives. ***\$2 Billion over 10 years***

Legislation should be included to authorize a \$6 million pilot grant program to provide: state and local governments; food banks; federal food distribution program administrative organizations; and charitable and faith based organizations with a dedicated funding source for infrastructure and technology improvements to store, transfer, and efficiently distribute fresh fruits and vegetables obtained through federal feeding and nutrition assistance programs, state and local government distribution channels, and private sector charitable donations. ***\$60 Million over 10 years***

Legislation should be included to require that USDA increase the amount of fresh fruits and vegetables in the Women, Infant and Children (WIC) program. ***No Cost***

Legislation should be included to authorize \$50 million per year to create a public/private program to initiate a nationwide education program to promote increased fruit and vegetable consumption. Similar to the MAP program, produce companies and associations would provide a detailed proposal that would be used to elevate the awareness and educate the targeted audience on the importance of proper diets and physical activity. USDA would match (up to 50%) of the implementation cost for this program. ***\$500 million over 10 years***

Pest Exclusion/Prevention

Legislation should be included to codify the primary role of Animal, Plant and Health Inspection Service (APHIS) in "*safeguarding America's plant resources from invasive pests,*" and underscore the importance of full implementation of the 300 plus recommendations contained in the APHIS *Safeguarding Report*. ***No Cost***

Farm Bill legislation should ensure that annual funds provided after fiscal year 2002 for Agriculture Quarantine and Inspection (AQI) activities are available without fiscal year limitation and no longer subject to the annual appropriations process. ***No Cost***

Trade Promotion Assistance

Legislation should authorize \$3 million per year to establish a Technical Assistance for Specialty Crops (TASC) fund within the USDA Foreign Agriculture Service (FAS) Commodity and Marketing Programs branch to address the unique technical problems facing exports of U.S. fresh fruits and vegetables. Such a fund would be used to remove, resolve and/or mitigate phytosanitary and technical trade barriers. Activities would include but not be limited to research, pest risk assessments, field surveys, development of database/resource materials, training, technical and/or professional exchanges. ***\$30 Million over 10 years***

Legislation should be included to direct USDA to utilize specialty crop commodities to the maximum extent possible within all foreign food aid programs to meet nutritional priorities of under-served and nutritionally "at risk" populations in eligible countries. ***No Cost***

Conclusion

Mr. Chairman, these priorities many of which have no federal cost are extremely important to addressing the challenges currently facing the specialty crop industry. Moreover, the costs associated with these priorities are well within reason compared to the assistance being provided to other commodity sectors in the draft proposal.

All too often, fruits and vegetables or so-called specialty crops are often ignored when it comes to the development and implementation of U.S. farm policy. Like producers of program crops, fruit and vegetable growers face significant challenges in the production and marketing of their commodities that must be addressed if they are to be competitive in an increasingly global marketplace. We ask that the Committee continue to work with the produce industry to ensure that fruits and vegetables are appropriately addressed as you move forward in the development of the successor to the FAIR Act. We certainly recognize the fiscal constraints facing the Committee, however, the many challenges facing the fruit and vegetable industry will only worsen if real and adequate assistance is not provided through a Farm Bill that appropriately meets the needs of the fruit and vegetable sector.

Thank you.